GUARANTEED EMPLOYMENT AND INCOME STABILIZATION


The president of Procter & Gamble Company states: "Perhaps the greatest need in American industry today is for some method whereby employment can be stabilized." He points out that, while each plan for guaranteed employment must be worked out to fit the particular problems of the individual company, general progress in employment stabilization may require the cooperation of government and industry.


A preliminary outline of a comprehensive report expected to be issued by the American Management Association early in 1945. This "preview" outlines the types of plans in operation, how they are limited, their advantages and disadvantages. Concludes that the present debate is most important in "directing the efforts of industry toward the adoption of such measures as will provide the country with a stable level of high employment."


Chapter 4, "Improving the stability of wages," is the most comprehensive study available of income-stabilization plans. It describes the principal existing programs and discusses the attitudes of employers and workers, handicaps imposed by the Fair Labor Standards Act, and the scope and limitations of guarantee plans.


Summary of Interpretative Bulletin No. 8 of the Wage and Hour Division of the United States Department of Labor outlining the conditions under which employers with annual wage plans may be partially exempt from the overtime provisions of the Fair Labor Standards Act.

Describes briefly the provisions of the "guaranty plans without restrictions" and "limited-guaranty plans" incorporated in labor agreements.

Only 14 of the 7000 agreements on file with the Bureau of Labor Statistics in 1940 contained such provisions.


A detailed description of the functioning of eight plans, and a briefer description of four discontinued plans. The study also includes a summary of the development of employment- and income-assurance plans and a discussion of their advantages and disadvantages.


A brief discussion of the effect of guaranteed employment and wage programs upon employers, employees, and the level of employment is followed by a description of fifty-five plans.

STUDIES OF SPECIFIC PLANS


An attempt to measure the effects of the Hormel annual wage program on the economic status of the employees and on the economy of the city in which the Hormel plant is the predominating industry. Concludes "that the Hormel employment policies made a substantial contribution to the expansion of Austin's economy."


A comprehensive study of experience under the Nunn-Bush plan. Considers its effect upon earnings and upon the division of earnings between profits and wages, and weighs the practicability of such a plan in other industries. The author states that "It does not seem unfair to conclude that the Nunn-Bush plan could attain a like degree of success in other firms only if the nature of the product and the employer-employee relations were similar to those of Nunn-Bush."

THE "STEEL CASE"

Statement of Bradford B. Smith with regard to the guaranteed wage. May 18, 1944. 68 pp.

Mr. Gall stresses the legal unsoundness of the union demand, and Mr. Smith the "economic audacity" of the demand in the light of "the past record and present status of the steel industry's production, employment and payrolls." On an economic basis, it is contended, the demand should be denied since (1) a guaranteed wage cannot solve the problem of unemployment, (2) there is no precedent for a guaranty such as the union demands, (3) it would not create economic stability, (4) it would be preferential to organized labor as against other workers, (5) it would tend to curtail employment and depress wages, and (6) it would impose upon the steel industry an unbearable financial burden.

Steel Labor (2457 E. Washington St., Indianapolis), January 21, 1944.

"What a guaranteed annual wage means." pp. 6-7.

Presents the idea of the guaranteed annual wage as economically, socially, and morally sound. Argues that "an individual with a guaranteed income will spend his money and in the spending will create employment... The benefits to the individual in a major industry through his augmented spending power will naturally flow into the many communities throughout the country."


In this "basic steel" decision, the War Labor Board denied the request of the union for a guaranteed wage, but recommended in a separate report to the President:

"(1) That the whole question of guaranteed wage plans and the possibility of their future development in American industries as an aid in the stabilization of employment and the regularization of production should now be comprehensively studied on a national scale.

"(2) That such study should be conducted by a specially appointed commission charged with the duty of examining into the experience which industry and labor have thus far had with these plans and of reporting the facts for the benefit of the country, together with recommendations regarding any further steps in this direction which may seem practical and desirable." (p. 399)

OTHER UNION AND EMPLOYER ATTITUDES

Eric A. Johnson asks that "on the basis of good business only" the best minds in industry give their attention to greater job stability. Suggests six major causes of unemployment and stresses the need for each company to study the causes of irregularity in its own operations.


A discussion of experience with wage security plans in the light of current union demands for a guaranteed annual wage.

McQuaid, C. G. "Annual wage demands new headache for employers." *Industrial Relations* (4660 Ravenswood Ave., Chicago 46), September, 1944. pp. 5-7, 33.

A discussion of demands for an annual wage being made by CIO unions, suggesting that similar demands will be made by the American Federation of Labor. Cites the unions' claims as to practicability of such a program and various employers' reactions.

Reuther, Walter P. "Why an annual wage?" *Ammonition* (Education Department, UAW-CIO, 1324 Maccabees Bldg., Detroit 2), June, 1944. pp. 5-7.

Upholds the soundness of a guaranteed annual wage on the effect which stabilized income for labor would have on the purchasing power of the nation.


The three-point wartime program for which War Labor Board approval was sought included:

1. Organization of production and material scheduling so as to provide each employee with a minimum of 48 hours work per week.
2. Initiation by government of a National Wage Policy which will guarantee 48 hours pay per week to employees who work less than 48 hours a week through no fault of their own. (p. 3.)

Besides the general three-point program for the industry, the union has requested that the General Motors Corporation establish a post-war security fund to permit the payment of a supplementary allowance in addition to their unemployment compensation to "the workers of General Motors who are on seniority lists and those General Motors employees who have returned from the armed services, and for whom the Corporation cannot provide a full week's employment of at least 40 hours work. . . . The unemployment compensation plus the supplementary allowance shall equal 40 hours pay." (p. 24.)